

# ***HIPAA Anticipated Impacts - Overview***

## ***DMH - County Systems***

**Anticipated changes as of October 30, 2001**

**NOTE: Be sure to check for updates and changes. Some parts of this will change as more Federal rules and program or data decisions are finalized.**

The Department of Mental Health (DMH) has done a variety of preparation and planning for implementing the Health Insurance Portability and Accountability Act (HIPAA) since August 1998. As the federal standards and requirements have become finalized, we have had a series of information exchanges and interactions with our business partners to establish the best way to implement the changes. This document reflects our understanding of the changes needed to implement HIPAA in our main programs and related computer systems at this time.

We have had coordination and communication meetings with the counties and our business partners since February 2000, where we have discussed issues. In these meetings, we have discussed our efforts related to HIPAA's main processes for Inventory and Gap Analysis and impacts to the Short-Doyle/Medi-Cal System (SD/MC), Client and Service Information System (CSI), Information Technology Web Services (ITWS) and other areas of interest. We have conducted 3 Information Technology (IT) Information Sharing Meetings in the past year. These meetings have had 150 to 200+ people attending. All counties and county Chief Information Officers (CIO's) have received invitations to participate in these meetings. These meeting announcements and information are sent to over 400 county and state contacts.

Counties and county organizations have also been invited to participate in our frequent HIPAA Workgroup Meetings as an avenue to jointly address issues and find the best ways to implement changes. In the meeting announcements we have shared information about HIPAA, sources for information, how to participate in the sub-workgroup areas, implications to our processes, possible approaches to it, changes being done, and we have offered our support to the counties and our other business partners. These meeting announcements and information are sent to over 400 county and state contacts. Representatives of the counties and state departments have been encouraged to participate in sub-workgroups on specific topic areas. Members of the sub-workgroups can then take our issues into the national forums to establish the codes we need to ensure service delivery and get issues addressed.

Counties need to take steps to address HIPAA and change processes and procedures as needed. Counties should not wait for direction from the State on changes to make. Every business entity that receives or passes medical information or claims for services needs to evaluate their organization's business processes and make changes as needed. They need to investigate potential changes in claim processes, handling of patient identifiable information, and the information you receive or send with business partners that may utilize data coding changed by HIPAA. Major steps may include: establishing awareness and executive support, conducting an inventory of potential impacts, performing a gap analysis of where a process is and what needs to be changed, and making and implementing the changes. Working with business partners is critical to implementing the changes. Some counties have started HIPAA Workgroups similar to the State's. Some county organizations may have representatives participating in the State's HIPAA Workgroup which can help ensure county issues are addressed in the National Forums.

*This is a DRAFT HIPAA readiness document authored by DMH. All information made available in this document is accurate to the best of our knowledge. Information in this document that is identified as being related to or authored by someone other than DMH has not been verified by DMH for accuracy. Review the Federal Administrative Simplification rules for the latest information. All material is DRAFT unless noted otherwise.*

The major DMH systems related to county mental health programs include:

1. Short-Doyle/Medi-Cal System (SD/MC),
2. Client and Service Information System (CSI), and
3. DMH's Information Technology Web Services (ITWS) for handling file transfers and online access:
  - ~~///~~ DHS's Monthly MEDS Extract File (MMEF), an excerpt of DHS's Medi-Cal Eligibility Data System (MEDS)
  - ~~///~~ Short-Doyle/Medi-Cal Claims (SD/MC),
  - ~~///~~ SD/MC Explanation of Balance (EOB) files, and
  - ~~///~~ Client and Service Information System (CSI) files and online access to update, delete, and change information and view online reports.
  - ~~///~~ Provider System (PRV) files

On the following pages is an overview of the status of these programs, HIPAA related changes, HIPAA testing, HIPAA testing options and contingency considerations that may be taken. These will be updated as changes occur and new federal standards are developed. This information is also available on our HIPAA Website: [www.dmh.cahwnet.gov/hipaa2001/default.asp](http://www.dmh.cahwnet.gov/hipaa2001/default.asp).

Please note that Electronic Data Systems (EDS) also processes information related to Mental Health Managed Care's Inpatient Consolidation Program. The EDS system processes provider claims for the County Mental Health Plans. Please see the end of this document for more information. County staff monitor claiming by reviewing the files below from the DHS Internet site:

- ~~///~~ Treatment Authorization Request (TAR) Report (File 046)
- ~~///~~ Inpatient Consolidation (IPC) Monthly Adjudicated Claims (File 134)

All counties use the DHS Internet site except Los Angeles, which receives their File 134 from DMH via a high speed "T1" line due to the large file size.

### **References Available:**

Considerable information is available on our private HIPAA Website:

<http://www.dmh.ca.gov/hipaa2001/default.asp>. Additionally the site has links to:

- Information and references,
- Agendas for HIPAA Workgroup Meetings with minutes included,
- Inventory and External Interface information,
- DMH's HIPAA Kickoff material for others to use as models,
- E-News about major HIPAA developments and information sources,
- Conference information,
- Models for Information collection: inventory, gap analysis, etc., and
- Other resources and material from various sources.

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## **Short-Doyle/Medi-Cal (SD/MC)**

**Description:** DMH receives claims from counties for services performed in the months prior to submission. DMH passes the claims to the Department of Health Services (DHS) for processing. DHS processes the files and returns files of approved, suspended and denied claims back to DMH. DMH then passes the files (known as the Explanation of Balances (EOB) files) back to the counties. DMH prepares a paper claim payment schedule for approved claims. The payment schedule is submitted to the State Controllers Office. The State Controllers Office sends payments to the counties who then pay their providers. Approved claims are used to document expenditures of federal funding, report to the legislature and monitor service delivery. DMH utilizes Internet technologies to send and receive files with the counties.

### ***HIPAA related changes:***

Most current details of the 837P and 835 changes are given at the HIPAA Private Website:  
<http://www.dmh.ca.gov/hipaa2001/default.asp>

DMH will work with CMHDA's IT Committee on potential changes. To become involved in the related efforts, if needed, please contact Gary Renslo at 916-653-3882 or [Grenslo@dmhhq.state.ca.us](mailto:Grenslo@dmhhq.state.ca.us).

### ***HIPAA Testing:***

Several options for testing may be:

- 1) Transactions can be tested through turnkey record testers that will verify that the record format is in the HIPAA conventions, data content and coding. Or,
- 2) Data is submitted through a DMH test process to ensure totals equal those anticipated: claim record count, dollar amounts per provider, etc. Or,
- 3) Run in a parallel test mode. Or,
- 4) When files are correct, monitor production to ensure correct processing and expected results.

### ***HIPAA Testing Option:***

A clearinghouse or translator may be an option.

***Contingency Plan if SD/MC Fails: County Mental Health service delivery will not be impacted.*** After 6 weeks, if not sooner, DMH will review the problems and take steps to pay claims as may be appropriate and legal. This may result in some claim payments having to be adjudicated at a later date. A claim override code is available, if needed, to prevent late billing penalties due to circumstances beyond the counties' control. See the Operational Recovery Scenarios for details.

### ***County Testing Status:***

### ***System Contact person:***

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## **Explanation of Balances (EOB)**

**Description:** DMH receives claims from counties for services performed in the months prior to submission. DMH passes the claims to the Department of Health Services (DHS) for processing. DHS processes the files and returns files of approved, suspended and denied claims back to DMH. DMH then passes the resulting files of the claim processing (known as the Explanation of Balances (EOB) files) back to the counties via the ITWS. DMH prepares a paper claim payment schedule for approved claims. The payment schedule is submitted to the State Controllers Office. The State Controllers Office sends payments to the counties who then pay their providers. Approved claims are used to document expenditures of federal funding, report to the legislature and monitor service delivery.

### ***HIPAA related changes:***

The SD/MC 835 Payment/Advice transaction referenced in the SD/MC claim process fills the role of the EOB. With the implementation of HIPAA the EOB process is no longer needed.

### ***HIPAA Testing:***

Ensure that the SD/MC 835 reflects the transactions submitted and the claim status.

### ***HIPAA Testing Option:***

**Contingency Plan If EOB Process Fails: County Mental Health service delivery will not be impacted.** After 6 weeks, if not sooner, DMH will review the problems and take steps to pay claims as may be appropriate and legal. This may result in some claim payments having to be adjudicated at a later date. A claim override code is available, if needed, to prevent late billing penalties due to circumstances beyond the counties' control. See the Operational Recover Scenarios for details.

### ***County Testing Status:***

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## **Client and Service Information System (CSI)**

**Description:** DMH receives batches of transactions monthly and online transactions describing services delivered to county mental health clients in the months prior to submission. CSI processes the batches of transactions and sends back information about approved and rejected data. The counties may either resubmit corrected transactions or may correct the information using an online process. A file of approved transactions are submitted once a year to DHS to be passed to the federal government as documentation justifying federal mental health program funding. Approved transactions are also used to report to the legislature and monitor service delivery. DMH utilizes Internet technologies to send and receive files with the counties and provide online system access. This is a new system replacing the old Client Data System (CDS). CSI replaced the old CDS as of July 1, 1998. The new CSI system was designed with extensive county involvement.

### ***HIPAA related changes:***

Most current details of the 837P and 835 changes are given at the HIPAA Private Website:  
<http://www.dmh.ca.gov/hipaa2001/default.asp>

DMH will work with CMHDA's IT Committee on potential changes. To become involved in the related efforts, if needed, please contact Mike Anderson at 916-654-6181 or e-mail at [Manderso@DMHHQ.State.CA.US](mailto:Manderso@DMHHQ.State.CA.US).

### ***HIPAA Testing:***

Several options for testing may be:

1. Transactions can be tested through turnkey record testers that will verify that the record format is in the HIPAA conventions, data content and coding. Or,
2. Data is submitted through a DMH test process to ensure totals equal those anticipated: claim record count, dollar amounts per provider, etc. Or,
3. Run in a parallel test mode. Or,
4. When files are correct, monitor production to ensure correct processing and expected results.

### ***HIPAA Testing Option:***

A clearinghouse or translator may be an option.

### ***Contingency Plan If CSI Fails: County Mental Health service delivery will not be impacted.***

After 6 weeks, if not sooner, DMH will review the problems and take steps to process transactions as may be appropriate. This may result in some transactions being submitted at a later date to the federal government documenting county service delivery. See the Operational Recovery Scenarios for details.

### ***County Testing Status:***

### ***System Contact person:***

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## **Provider System (PRV)**

**Description:** DMH receives fax and phone requests from counties to add and change mental health provider and legal entity information. This information is used to validate SD/MC claims, CSI service submissions, and county cost reports, to support DMH's Audit, Medi-Cal Certification, and Managed Care sections, and to allow the county providers access to Medi-Cal eligibility information through their point-of-service devices. This online system allows DMH staff to add, change and view this information. The system creates weekly provider and legal entity files for the counties to receive from the ITWS. The county staff use the files to verify the accuracy and status of the information. This is a new system that replaces error prone and slow manual processes.

### ***HIPAA related changes:***

Currently, it is proposed that HIPAA will create a new National Provider Identifier that may be a 10 character identifier, possibly all numeric. A Provider Taxonomy is being considered by the Federal Department of Health and Human Services. Their Website <http://aspe.hhs.gov/admsimp/> will contain the most current information on this proposed rule. The Provider Taxonomy can be referenced at <http://www.wpc-edi.com/taxonomy/>. Those interested in working on the Unique Identifiers Standards Sub-Workgroup may become involved by contacting Sara Gilb at 916-653-8788 and [Sgilb@dmhhq.state.ca.us](mailto:Sgilb@dmhhq.state.ca.us)

DMH will work with CMHDA's IT Committee on potential changes.

### ***HIPAA Testing:***

This will be determined when the changes are known. DMH will work with CMHDA's IT Committee on potential changes.

### ***HIPAA Testing Option:***

### ***Contingency Plan If PRV Fails: County Mental Health service delivery will not be impacted.***

After 6 weeks, if not sooner, DMH will review the problems and take steps to restore the affected processes. County staff may call or fax DMH to verify current provider information. See the Operational Recover Scenarios for details.

### ***County Testing Status:***

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## **DMH Information Technology Web Services (ITWS)**

**Description:** DMH utilizes Internet technologies to send and receive files with the counties. A hardware infrastructure is used to transmit these files from DMH or from DMH's Health and Human Services Data Center (HHSDC). Counties may send and receive files securely through the Internet to and from DMH's Information Technology Web Services (ITWS) site. It is available 24 hours a day, 7 days a week. ITWS utilizes encryption, compression, digital certificates, user id's, passwords, automatic timeouts and other procedures to ensure security and confidentiality. ITWS is used as a pass through device for files to be exchanged between various information systems and the counties. ITWS also supports online Internet access to the CSI system if county staff wish to view and change their information in real time. ITWS does not process any information contained in system files; they only transfer the files in a secure environment. Files handled include:

1. DHS's Monthly MEDS Extract File (MMEF), an excerpt of DHS's Medi-Cal Eligibility Data System (MEDS)
2. Short-Doyle/Medi-Cal Claims (SD/MC) and Explanation of Balance (EOB) files
3. Client and Service Information System (CSI) files and online access to update, delete, and change information and view online reports.
4. Provider System (PRV) files

Below is an overview of the status of these programs, HIPAA related changes, HIPAA testing, HIPAA Testing Options and steps that will be taken if it fails.

### ***HIPAA related changes:***

Currently, it is proposed that HIPAA will create a Security Rule that may require a number of processes to authenticate that they are an authorized ITWS user and that data is secure. Initial requirements for these processes had required a variety of user-identifications, passwords, restrictions on what data can be accesses and encryption type processes for data being passed. At this time, ITWS meets or exceeds the requirements of the proposed Security Rule. When the Security Rule is finalized by the Federal Department of Health and Human Services, ITWS will be reviewed and enhancements considered at that time. Their Website <http://aspe.hhs.gov/admsimp/> will contain the most current information on this proposed rule.

DMH will work with CMHDA's IT Committee on potential changes. A workgroup with county representatives may be needed to work with DMH if changes are needed. To become involved in the workgroup, if it is needed, please contact Gary Renslo at 916-653-3882 or e-mail at [Grenslo@DMHHQ.State.CA.US](mailto:Grenslo@DMHHQ.State.CA.US).

### ***HIPAA Testing:***

Related to transmission of the files via ITWS, potential changes will be determined when the Security Rule is finalized. DMH will work with CMHDA's IT Committee on potential changes.

### ***HIPAA Testing Option:***

**Contingency Plan If the ITWS is not available: County Mental Health service delivery will not be impacted.** The data reported to and received are for services completed usually at least a month prior. After the ITWS is down 4 weeks, if not sooner, DMH will review the problems and take

steps to reestablish the processes. Also, counties may submit data on diskettes, tapes or other media if needed. See the Operational Recovery Plan Scenarios for ITWS details.

### ***County Testing Status:***

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## **Major ITWS processes and procedures include:**

### ***1. Department of Health Services' Monthly MEDS Extract File (MMEF)***

**Description:** DHS's Monthly MEDS Extract File (MMEF) is an excerpt of DHS's Medi-Cal Eligibility Data System (MEDS). This file provides county mental health programs with Medi-Cal eligibility data to conduct analyses of their risk under capitation or block grant contracts; plan allocation of their resources; and identify clients who are eligible for Medi-Cal and identify their third party insurance coverage, if any. At the request of the counties, a specification for new version of the MMEF with additional beneficiary data from MEDS is being developed by the CMHDA IT MEDS Workgroup. No specific date is set for implementing the new MMEF. DMH creates a county extract for each county from a statewide file but does not change any data in the MMEF except for Y2K date formatting.

**HIPAA related changes:** Related to transmission of the file via ITWS, potential changes will be determined when the Security Rule is finalized. DMH will work with CMHDA's IT Committee on potential changes.

### ***HIPAA Testing:***

### ***HIPAA Testing Option:***

**Contingency Plan If the ITWS or MMEF is not available: County Mental Health service delivery will not be impacted.** After 4 weeks, if not sooner, DMH will review the problems and take steps to reestablish the processes. Counties can get eligibility data via various DHS MEDS processes, such as the swipe card devices and terminals, or they may utilize the prior data file until a new file is available. See the Operational Recovery Plan Scenarios for ITWS details.

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**2. - 4. Short-Doyle/Medi-Cal (SD/MC) Claims and Explanation of Balances (EOB) Files, Client and Service Information System (CSI) Submittal, Error and Report Files, and Provider System (PRV) Provider and Legal Entity Files.**

**Description:** These system files are sent to or received from the counties via the ITWS or direct “T1” line. The ITWS receives SD/MC claims and CSI submittal files and passes them on for processing at the Health and Human Service Data Center (HHSDC). DMH does no processing of the data on the ITWS. DMH automatically passes the system output files on to the ITWS for the counties to pick up when they choose. The ITWS also has the capability for county staff to access their CSI information online and real-time at HHSDC.

**HIPAA related changes:** Related to transmission of the files via ITWS, potential changes will be determined when the Security Rule is finalized. DMH will work with CMHDA’s IT Committee on potential changes.

**HIPAA Testing:**

**Contingency Plan if the ITWS is not available:** County Mental Health service delivery will not be impacted. As noted for these processes elsewhere in this document, after 6 weeks, if not sooner, DMH will review the problems and take steps to reestablish the processes. See the Operational Recovery Plan Scenarios for ITWS details.

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**Electronic Data Systems (EDS) Files for County Mental Health Plans**

**EDS’s Treatment Authorization Request (TAR) File**

**Description:** Counties have contracted with Electronic Data Systems (EDS) to process Treatment Authorization Requests (TAR’s) related to adjudicating provider claims for mental health inpatient services. A TAR report file is passed from EDS to the counties via the DHS Internet site. DMH does no processing of the data.

**HIPAA related changes:** EDS TAR File changes are unknown at this time. Related to transmission of the file via ITWS, potential changes will be determined when the Security Rule is finalized. DMH will work with CMHDA’s IT Committee on potential changes.

**HIPAA Testing:**

**Contingency Plan if the TAR File is not available:** County Mental Health service delivery will not be impacted. After 4 weeks, if not sooner, DMH will review the problems and take steps to reestablish the processes. Counties also get TAR information via other interactions with EDS. See the Operational Recovery Plan Scenarios for details.

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***EDS's Managed Care Inpatient Consolidation (IPC) Monthly Adjudicated Claims (File 134)***

**Description:** Electronic Data Systems (EDS) creates a file of all Managed Care Inpatient Consolidation (IPC) Monthly Adjudicated Claims (File 134) and passes the file to the counties via the DHS Internet site except for Los Angeles county. Due to their large file size, Los Angeles uses their high speed "T1" line to HHSDC to receive a weekly file from EDS via DMH. DMH does no processing of the data.

**HIPAA related changes:** EDS works with the DHS and counties related to potential changes. EDS IPC File changes are unknown at this time. Related to transmission of the file via ITWS, potential changes will be determined when the Security Rule is finalized. DMH will work with CMHDA's IT Committee on potential changes.

***HIPAA Testing:***

**Contingency Plan if the File 134 is not available: County Mental Health service delivery will not be impacted.** After 4 weeks, if not sooner, DMH will review the problems and take steps to reestablish the processes. Counties also get claim status information via other interactions with EDS. See the Operational Recovery Plan Scenarios for details.

***System Contact person:***

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